



Company Property Accountability

The Pillars of Success

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Supply accountability is an essential element of combat readiness. Having the right amount of equipment and all of its components is just as important as realistic, combat-focused training. Imagine a night attack on an enemy objective without tripods for the machineguns or head harnesses for the night vision devices.

Property accountability consists of several elements that can be seen as separate pillars supporting combat readiness, each complementing and strengthening the others. Ordering, tracking, and accounting for company property are not only key elements of combat preparedness—they are vital to a successful company command as well.

Supply References. Many supply references focus on proper company supply accountability procedures. The most important supply publications are in the current Unit Supply Update 13; Army Regulation (AR) 710-2, *Supply Policy Below the Wholesale Level*; Department of the Army (DA) Pamphlet 710-2-1, *Using Unit Supply System Manual Procedures*, and AR 735-5, *Policies and Procedures for Supply Accountability*. DA Pamphlet 710-5, *Unit Commander's Supply Handbook*, completes the list of most commonly used supply publications. In addition, most military installations have rules and regulations that govern supply accountability, and the supplementing ARs for further reference. A company

absolutely must have these references readily available as guides for all property transactions.

Equipment Publications. For every piece of equipment, there is a Technical Manual (TM). TMs come in various series (-10, -20, -23P and up), each reflecting the unit level of maintenance that applies. The TM -10 is the basic publication used for property accountability for most equipment; for sets, kits, and outfits (SKOs)—the unit armorer's tool kit, for example—supply catalogs are the basic accountability publications.

The TM -10 contains sections on operating and maintenance instructions, ammunition (if applicable), references, components of end item (COEIs), and basic issue items (BII) lists, additional authorization items (AAIs), and a list of expendable/durable supplies.

The COEI, BII, and AAI listings are the key sections used to determine accountability for an end item. The COEI section describes exactly what makes up each end item, using illustrations, National Stock Number (NSN), description and part number, unit of measure, and quantity required. The BII and AAI sections work the same way as the COEI section. For inventory and component hand receipt procedures, all of the items listed in the COEI, BII, and AAI sections must be reflected on the hand receipt. The presence of all COEIs and BIIs that are accountable make up a complete end item.

There are two ways to help ensure that proper, up-to-date publications are on hand:

- Obtain a printout of the current publications from the property book office (PBO). Most PBOs can provide this printout in seven to ten days.
- Obtain a list of all the publications required for unit maintenance and supply accountability Tables of Organization and Equipment (TOEs) from the U.S. Army Materiel Command (USAMC) Materiel Readiness Support Activity, ATTN: AMXMD-MP (EOPDB), Lexington, KY 40511-5101. Send a line item number (LIN) list with NSNs and names of the end items. The publication list should arrive in four or five days.

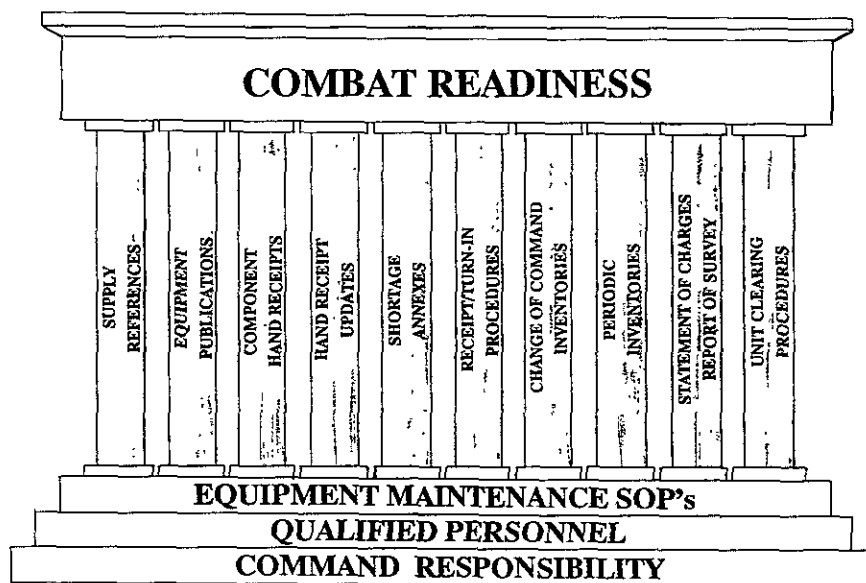
Hand Receipts. For each end item, there must be a component hand receipt from company supply to the hand receipt holder. Each hand receipt holder must then have a component hand receipt from him to the sub-receipt holder. The use of component hand receipts all the way from supply to sub-receipt holder ensures that the supply sergeant and all the hand receipt holders know exactly what they are responsible for. It also enables the supply sergeant, the primary hand receipt holder, and the company commander to reconcile the hand receipts quickly.

A separate DA Form 2062, *Hand Receipt*, should be used for each component hand receipt, with only one end item for each form. The "TO" box must state the hand receipt holder's name and Social Security Number, not just his duty position. The blanks for NSN, item description, quantity authorized, and quantity on hand must be completely and clearly filled in, as well as all the other information boxes.

Again, it is essential that the correct, current publication be used in listing all the items. For each end item that is hand receipted out on a regular basis, the company supply sergeant and the commodity area chiefs—communications; nuclear, biological, chemical (NBC); and arms room—should have extra copies of the form filled out in advance with all the components listed. If all hand receipts are prepared according to the publication listing, all property will be fully and accurately accounted for.

Hand Receipt Updates. AR 735-5 requires that hand receipts be updated at least once a year, but it is better to update them once a quarter. A recommended technique is to include complete inspections as part of the field recovery process. Whenever a hand receipt is updated, a complete inventory must be conducted.

When a hand receipt is updated, the items on DA Form 3161, *Request for Issue or Turn-in*, when used as a change document, must be taken into account. (The form adds components received or subtracts components destroyed or turned in for repair.) The old form should be marked with the date the hand receipt was updated, the hand receipt number, the name



of the hand receipt holder, and the supply sergeant's name; then it should be filed in a "completed" folder.

All missing items are accounted for through the statement of charges or report of survey process. Finally, the missing items are added to the company shortage annex kept with the battalion S-4 and then placed on order. A periodic update of hand receipts using a complete inventory process ensures an aggressive attitude toward property accountability at all levels of command.

Shortage Annexes. Shortage annexes are prepared by the battalion S-4 to reflect property shortages identified through inventory procedures to the company commander and by the company supply sergeant to the hand receipt holder. Shortage annexes from the battalion S-4 to the company supply room, which are signed by the battalion S-4, should reflect all items missing from the company. As components are received by the S-4 or turned in by the company supply sergeant, the S-4 issues a Form 3161 to the supply sergeant. The S-4 then files a copy of the form with the company shortage annex. The items on the accumulated forms are then added to or subtracted from the shortage annex when it is updated. The company shortage annex must be updated once every six months, but it is best to update it after each hand receipt update, or about once a quarter.

The items shown on all the forms are added to or subtracted from the hand receipt when it is updated. The old form should be marked with the date the hand receipt was updated, the hand receipt number, the name of the company supply sergeant, and the S-4 NCOIC's name, then filed in a "completed" folder of old Form 3161s for the company. A duplicate of this file should be kept by the company supply sergeant.

The company supply sergeant can issue the hand receipt holder a shortage annex signed by the company commander. The shortage annex should list all components the hand receipt holder is missing. The complete shortage annex, combined with a component hand receipt, will allow the supply sergeant, the hand receipt holder, and the company commander to verify that all missing components are on the shortage annex. The supply sergeant issues 3161s for components turned in or newly issued. These forms are added to the hand receipt during all hand receipt updates and then kept on file. The hand receipt holder can use the 3161 with all sub-receipt holders in the same fashion.

The most important advice on using the shortage annex is to maintain it accurately, incorporate and maintain on record all Forms 3161, update it after hand receipt updates, and compare it against the hand receipt, the end item publication, and the current shortage annex to make sure all shortages are accurately documented.

Component Receive/Turn-in Process. Components are received into the battalion through the battalion S-4. The S-4 then prepares a Form 3161 as a change document and issues it to the company supply sergeant. The supply sergeant and hand receipt holder then do the same, using the form until it reaches the user level. The reverse procedure, from user to S-4, is used for turning in damaged or unusable equipment. Copies of the form are maintained at each level for use in updating the

shortage annex and the hand receipt during the next inventory of the end item and the subsequent hand receipt and shortage annex update.

Change-of-Command Inventory. A change-of-command inventory is important for both the incoming and the outgoing commander. For the one coming in, it is his first action within the company and his first impression of the company. For the outgoing commander, it is his final act as the commander and the end result of the property accountability procedures used during his tenure. The company leaders must therefore do their best to ensure a smooth transition of property accountability.

The incoming commander needs to focus on the inventory, ensuring that the proper publications are on hand and that component hand receipt procedures are being followed. All of these inventories must be conducted to the following standard:

All property is neatly laid out and displayed by end item and component, and the proper publications are on hand. The supply sergeant and all hand receipt holders are there with their hand receipts, the company organizational hand receipt, the shortage annex, and all applicable DA Forms 3161.

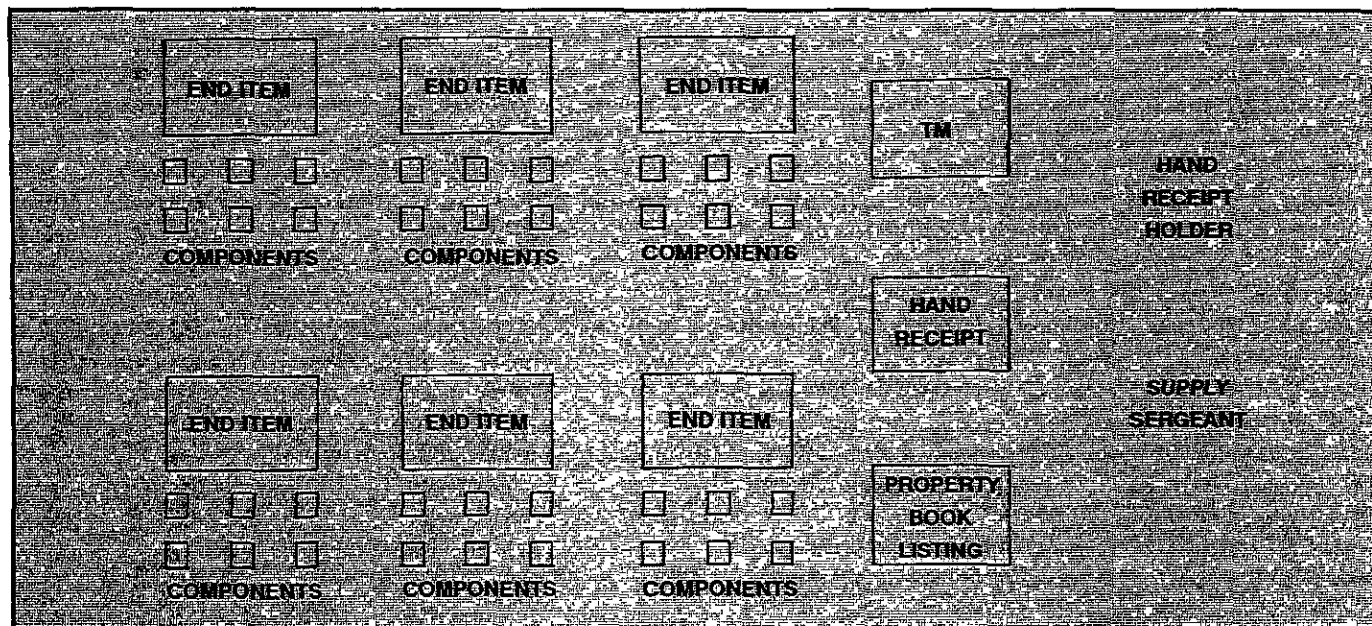
It is best to conduct the inspection by end item instead of by hand receipt, because this process reveals all the shortages in a particular end item. All hand receipts need to be component hand receipts that adhere strictly to the COEI, BII, and AAI sections of the publication. A sample inspection layout is shown here.

The outgoing commander needs to begin preparing for his change-of-command inventory months before the date set for it. The first step is a 100-percent inventory of installation and organizational property to the above standard three or four months before the change-of-command date. This 100-percent inventory should include an update of all hand receipts and the generation of any necessary statements of charges or reports of survey.

Missing Class II and Class IX components are placed on order to correct end item component deficiencies. The shortage annex is then updated with all of the new losses and items placed on order with a valid document number. For any equipment that is not present, there should be a valid turn-in or maintenance request document. The commander should update the hand receipts for any equipment that has been signed out to another unit. Administrative adjustment reports should also be initiated in case the serial numbers on some items (other than sensitive items) do not match.

After the inventory and up to 30 days before the change-of-command date, the outgoing commander ensures that parts are on order and statements of charges and reports of survey are settled, tracks the status of any adjustment reports, and meets with the new commander to discuss the upcoming change-of-command inventory.

The company XO should publish a memorandum of instruction (MOI) 45 to 60 days before the change of command. This MOI should include the dates of the pre-inspection, inspection, and reinspection of each commodity area and hand receipt in the company. The dates for these three inspections should be four or five days apart to allow time to correct



Sample Inspection Layout

deficiencies. The memorandum should also include the installation property inventory date, the property book freeze date—usually the starting date of the inventory—and the date on which the new commander will sign the property book.

The MOI depicts in great detail the incoming commander's standard for the inspection. It also states what each commodity area and hand receipt holder is responsible for by LIN, NSN, noun, and quantity. Using the latest company property book listing, the XO should ensure that all installation and organizational property has been listed to be inventoried. He should then list all the key dates in a 30-day calendar format so the new commander, the outgoing commander, each hand receipt holder, and the supply sergeant can easily see the scheduled inventory activities. Finally, to clarify the standards of the inspection, the XO should conduct a sample layout to standard for all hand receipt holders.

Thirty days before the change of command, a notice of the upcoming change-of-command inventory needs to be placed in the post bulletin with a statement requesting that all hand receipt holders clear their hand receipts. Also, at the 30-day mark, the new commander and the supply sergeant go to the property book office, receive the required division or installation property accountability briefing, along with an updated copy of the company property book listing, and then have the PBO freeze the company property book.

During the 30-day inventory period, the XO ensures that the inventory schedule is either followed or modified as necessary, and that the status of missing components is recorded. The new company commander conducts his inventory with the company supply sergeant according to the schedule, updates hand receipts, and records any deficiencies. Hand receipt holders display their equipment to standard for the inventory according to the schedule and update their sub-receipts. The supply sergeant updates primary hand receipts, records deficiencies, and initiates statements of charges and reports of survey.

At the end of the inventory, the supply sergeant compares his list of items for a statement of charges or a report of survey to the list of deficiencies the new commander has recorded. These two lists should match exactly. The supply sergeant then takes the lists of items from the statements of charges and reports of survey and adds them to the company shortage annex with the battalion S-4. The XO is then responsible for ensuring that all the deficiencies the new company commander has noted are corrected during his command.

The keys to conducting a change-of-command inventory are preparation, organization, a systematic approach, and the identification of deficiencies. The new commander must set his own standards for property accountability early and make sure the hand receipt holders follow his guidance and procedures. The outgoing company commander must ensure that he has taken all the necessary steps to identify and correct any potential property problems before the change-of-command inventory.

Periodic Inventories. Four primary periodic property inventories are conducted:

- The 10-percent cyclic organizational property inventory is generated monthly by the PBO. If this inventory is followed correctly, it will allow the company commander to view 120 percent of his property each year, satisfying the annual requirement for a 100-percent inventory. A recommended technique is to divide the installation property hand receipt into 12 sections and include one section as part of each monthly 10-percent inventory. The company commander, or the XO in his absence, is the only one who should conduct this 10-percent inventory. The company commander then signs the inventory and returns it to the PBO.

- The quarterly hand receipt update can be conducted by the supply sergeant, the executive officer, or a disinterested officer or senior NCO.

- The field recovery inventory should be conducted by the hand receipt holders and sub-receipt holders upon return from

field training events or training center rotations.

- The monthly 100-percent sensitive item inventory should be conducted by the company's lieutenants on a rotating basis. This inventory, generated by the PBO, includes the company weapons, night vision devices, and secure communications equipment. The results of the inventory are recorded on a computer printout of sensitive items, signed by the company commander, and returned to the PBO.

All of these inventories must be conducted to the standard the incoming company commander set during his change-of-command inventory.

Finally, even a well-conducted inventory is not worth doing unless the results are acted upon. Once an inventory is complete, hand receipts and shortage annexes must be updated, components ordered, and statements of charges or reports of survey initiated as necessary.

Statement of Charges/Report of Survey Process. Often, despite the most vigorous property accountability procedures, equipment is either lost, damaged, or destroyed. AR 735-5, *Procedures for Property Accountability*, states that a loss will be reported immediately to the unit's next higher commander as soon as it is discovered.

There are two common methods of claiming payment to the U.S. government for lost or damaged equipment:

- A statement of charges, the easiest path to reclaiming the cost of lost equipment, is used when the hand receipt holder admits liability or when the company command can easily prove it. This option is limiting, however, because some equipment is very expensive, and because the individual responsible for the loss must agree to sign the statement of charges.

- A report of survey is used when liability cannot easily be proved, or when the cost of the lost equipment prohibits the use of a statement of charges. Normally, a report of survey is mandatory if the loss exceeds three-fourths of the liable soldier's monthly base pay. When liability cannot be proved, the battalion commander, upon advice from the battalion S-4, appoints a report of survey officer to look for the proximate cause of the loss. If the proximate cause cannot be determined, then the report of survey is completed as a loss to the government. When liability can easily be proved, a short report of survey can be used.

The entire report of survey process can be extremely complex and confusing. The best references are AR 735-5, FM 10-14-3, *Surveying Officer's Guide*, and the advice and guidance of the battalion S-4 and the battalion XO, the resident experts within the battalion.

Finally, once the statement of charges or report of survey process is complete, copies of the results of the findings must be maintained—one copy with the battalion S-4, one with the supply sergeant, one with the hand receipt holder, and one in the soldier's supply record. The supply sergeant and hand receipt holder must ensure that the items listed on the statement of charges or report of survey are either added to a Form 3161 as a change document for the S-4 or added directly to the company shortage annex as soon as possible.

Unit Clearing Procedure. All units have a potential prob-

lem when a hand receipt holder leaves. Sections and entire units often go through turmoil because a new hand receipt holder is not immediately appointed. The following process will help prevent this problem:

One month before a hand receipt holder begins his post clearing process, he and the incoming hand receipt holder conduct a 100-percent inventory. The supply sergeant is presented with the shortage annex and an updated component hand receipt for the new receipt holder to sign. As the new receipt holder conducts his inventory, the hand receipt of each sub-receipt holder is also updated. At the end of this process, the new hand receipt holder signs the hand receipt from the supply sergeant, and the shortage annex is updated with the company commander's signature.

Losses from sub-receipt holders are reconciled using a statement of charges or a report of survey initiated by the hand receipt holder. Any losses by the primary hand receipt holder are reconciled in the same manner by the company supply sergeant. The same procedure is followed when sub-receipt holders leave, except that the primary hand receipt holder, instead of the company supply sergeant, supervises the entire procedure.

The remaining 29 days before the hand receipt holder begins clearing post are spent processing and completing statements of charges and reports of survey. All property accountability procedures should be complete before the hand receipt holder begins to clear the installation. This is especially important when a report of survey investigation is in progress, because the company commander can flag the records of the soldier involved, if necessary.

The final step is the company clearing form. A section of this form should allow a space governing cleared hand receipts. The new hand receipt holder should initial the form, stating that the property changeover process is complete. There must also be a section for each commodity area chief (NBC, arms room, communications) to initial, indicating that the soldier has cleared each section. The first sergeant, platoon sergeant, and squad leader must also monitor the process and be prepared to brief the company leaders. Finally, the company commander should sign the company clearing form only when all sections of the form have been initialed, especially the section on hand receipts.

Personnel. The company commander is the most important person in the company property accountability system, because his attitude, leadership, and emphasis will set the example and the standard for the unit.

The commander must make sure his subordinates are educated on the importance of property accountability; a system is in place to assign responsibility and account for all equipment; inventories are conducted to standard; hand receipts are updated regularly; the components-received process is ongoing; and a system is in place to clear soldiers' hand receipts as they leave the company. The company XO assists the commander in all these duties.

The company supply sergeant is the second most important individual in the accountability system; it is with him that the whole spirit of the process begins and ends. He must be

relentless in his pursuit of property accountability. He must be well-trusted and pro-active. The supply sergeant must conduct inventories regularly; order any publications that are needed; update and verify the shortage annex; ensure that incoming equipment components are properly accounted for; keep organized, accurate, and up-to-date records; use the statement of charges or report of survey when necessary; and carry out his many other duties. Finally, he must be a trainer, educating hand receipt holders and company leaders on the complexities and regulations of property accountability.

The company commodity area chiefs and the hand receipt holders are the final personnel in the property accountability chain. The hand receipt holders must ensure that regular inventories are conducted to standard; the necessary publications are on hand; component hand receipts are used; new components are recorded and accounted for; shortage annexes are updated regularly; sub-receipt holders clear their hand receipt before leaving; and lost equipment is accounted for using either a statement of charges or a report of survey. The hand receipt holders are also responsible for educating the end user, the soldier, on the procedures and policies of property accountability.

Equipment Maintenance. The company leaders must ensure that equipment maintenance and serviceability are part of property accountability inventories. A recommended technique is to have a layout of selected pieces of equipment at the end of the weekly maintenance day. This gives the platoon and company leaders an opportunity for a quick check of the serviceability and accountability of equipment. The field recovery inventory is another opportunity to confirm equipment serviceability and accountability.

Command Responsibility. As the property book holder for the company, the commander must vigorously and actively enforce property accountability. He must ensure that property

accountability SOPs are established and followed; that hand receipt holders and soldiers are educated in supply accountability; that the parts ordering process is a continuing one; soldiers clear the company properly; that inventories are conducted to standard; that hand receipts are updated; and that equipment is maintained properly. He personally conducts his ten percent inventories of installation and organizational property.

Company leaders, from team to platoon level, are responsible for supporting and carrying out all of the company commander's property accountability procedures.

Each of these pillars of company property accountability is free-standing, but together they form a solid, mutually supporting system that ensures company property accountability.

The ultimate goal of all property accountability procedures is to make sure the combat soldier gets the equipment he needs to support and win the battle. When everyone involved strives to strengthen each of the pillars, the company is sure to reach that goal and be ready to fight and win the first time, every time.

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